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International drug control

Measures to eliminate international terrorism

Letter dated 11 October 2001 from the Permanent Representative of the United Arab Emirates to the United Nations addressed to the Secretary-General

On instructions from my Government, I have the honour to inform you that, at its meeting held on 8 October 2001, the Council of Ministers of the United Arab Emirates approved a draft law, known as the Money-Laundering Law, concerning the proceeds of illegal activities. The law comprises 25 articles that contain various provisions relating to money-laundering offences, and it designates the authorities entrusted with the application of these provisions.

The position taken by the Council of Ministers is to be seen in the context of the efforts of the United Arab Emirates to combat terrorism and money-laundering activities and to enhance its contribution to efforts for regional and international cooperation to combat terrorism in all its forms and manifestations.

I transmit to you herewith a copy of a report published by the Emirates News Agency (WAM) giving a brief overview of the aforesaid Money-Laundering Law, and I should be grateful if you would have this letter and its annex circulated as a document of the General Assembly under agenda items 110, 111 and 116.

(*Signed*) Abdulaziz Bin Nasser **Al-Shamsi**
Ambassador
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Annex to the letter dated 11 October 2001 from the Permanent Representative of the United Arab Emirates to the United Nations addressed to the Secretary-General

Money-Laundering Law

In the context of the international efforts being made to combat terrorism in all its forms and manifestations and in light of the fact that countries that function as financial and banking centres have enacted laws on the laundering of the proceeds of illegal activities, the United Arab Emirates, after protracted study, has elaborated a draft law on money laundering that was approved by the Council of Ministers at its meeting held yesterday. The draft law defines money laundering as any act involving the transfer, conversion or deposit of illegal assets or the concealment or misrepresentation of the true nature of such assets. The law comprises 25 articles that include various provisions relating to money-laundering offences and to the authorities entrusted with the application of those provisions. In defining the offence of money laundering, article 2 of the draft law provides that, where a person intentionally commits certain acts in respect of assets derived from any crime he shall be considered a perpetrator of a money-laundering offence. Such offences include: the conversion, transfer or deposit of the proceeds for the purpose of concealing their illegal origin; the concealment or misrepresentation of the true nature, source, location, disposition, movement, rights with respect to or ownership of such proceeds; and the acquisition, possession or use of such proceeds.

For the purposes of the law, the assets targeted are those derived from: narcotics and psychotropic substances; kidnapping, piracy and terrorism; offences committed in violation of the environment law; illicit trafficking in firearms and ammunition; bribery, embezzlement and damage to public property; fraud, breach of trust and related offences; and any other relevant offences stipulated in the international conventions to which the United Arab Emirates is a party. Article 3 of the draft law provides that, without prejudice to the administrative penalties stipulated in the law, a financial institution or other financial, commercial and economic establishment operating in the country shall be criminally liable for a money-laundering offence if it is committed in its name or for its account. Article 4 allows the Central Bank to freeze suspect assets held by financial institutions for a period of not more than seven days, and it gives the Office of the Public Prosecutor the right to seize suspect property, proceeds or instrumentalities in accordance with its established procedures. The competent court may order provisional attachment for undetermined periods of assets, proceeds or instrumentalities, if such assets, proceeds or instrumentalities have resulted from or were associated with a money-laundering offence.

Article 5 states that the Public Prosecutor shall have exclusive authority to take criminal action against a perpetrator of any of the offences stipulated in the law and that orders for the seizure or provisional attachment of assets held by financial institutions shall be executed only through the Central Bank. The Central Bank shall set a ceiling for the amount that may be brought into the country in cash without declaration, and any amount in excess thereof shall be subject to the declaration regime to be established by it. Article 7 provides for the establishment by the Central Bank of a Financial Information Unit to deal with money laundering and suspicious cases and to receive reports of suspicious transactions from all financial

institutions and other relevant financial, commercial, and economic establishments. The [National Anti-Money-Laundering] Committee shall determine the format for reporting suspicious transactions and the means by which reports will be communicated to the Financial Information Unit. The Unit shall place the information available to it at the disposal of law enforcement agencies in order to facilitate their investigations. The Unit may exchange information on reports of suspicious transactions with its counterparts in other countries in accordance with the international conventions to which the State is party or on a basis of reciprocity.

Article 8 entrusts the Unit established by the Central Bank with the task of considering the cases reported to it and notifying the Public Prosecutor so that the necessary measures may be taken. Where money-laundering cases are directly reported to the Office of the Public Prosecutor, the latter shall take the necessary measures following consultations with the Unit on the substance of the report. Article 9 of the draft law provides for the establishment of a National Anti-Money-Laundering Committee under the chairmanship of the Governor of the Central Bank and consisting of a representative or representatives of: the Central Bank; the Ministry of the Interior; the Ministry of Justice, Islamic Affairs and Religious Endowments; the Ministry of Finance and Industry; the Ministry of Economy and Commerce; the agencies that issue trade and industrial licences; and the United Arab Emirates Customs Council. Article 10 provides that the terms of reference of the Committee are: to propose rules and procedures to counter money laundering in the United Arab Emirates; to facilitate the exchange of information and coordinate action among the agencies represented; to represent the State in the international forums on money laundering; to propose rules of procedure for the functioning of the Committee; and any other matters referred to it by other authorities.

Article 15 of the draft law states that chairmen, directors, managers and employees of financial institutions or other financial, commercial and economic establishments who know about but fail to inform the Unit of any act committed at their institution that is connected with money laundering shall be punished by imprisonment or a fine of not more than 100,000 United Arab Emirates dirhams, or both. Article 16 provides that whoever informs any person that his transactions are being scrutinized for possible involvement in suspicious operations, or that the security authorities or other competent authorities are investigating his possible involvement in suspicious operations, shall be punished by imprisonment for a term of not more than one year or a fine of not more than 50,000 dirhams, or both. The false-notification penalty is inflicted on whoever notifies the competent authorities in bad faith of the commission of a money-laundering offence with intent to cause damage to another person. Whoever violates the provisions of article 6 of the law shall be punished by a fine of not less than 2,000 dirhams and not more than 10,000 dirhams. The sums that are the subject of the violation shall be attached and, unless proven to be associated with another offence, shall be released by order of the Office of the Public Prosecutor. Whoever violates any of the other provisions of the law or the regulations and decisions issued in implementation thereof shall be punished by a fine of not less than 100,000 dirhams.

Article 20 of the draft law provides that financial institutions and other financial, commercial and economic establishments, as well as their directors, employees and legally authorized representatives, shall be immune from any criminal, civil or administrative liability that may result from their providing the required information or from the breach of any restriction imposed to safeguard the

confidentiality of information under a legislative, contractual, regulatory or administrative provision, unless such a notification is proved to have been given in bad faith and for the purpose of harming the person who made the transaction in question. Article 21 allows the competent judicial authority, at the request of a judicial authority in a country with which the United Arab Emirates is linked by an approved treaty, and provided that the act in question is established as a criminal offence in the United Arab Emirates, or on condition of reciprocity, to order the tracing, freezing or provisional attachment of assets or proceeds derived from or of instrumentalities used in a money-laundering offence. Article 22 allows the recognition of any ruling or judicial order providing for the confiscation of property, proceeds or instrumentalities relating to money-laundering offences that is issued by a court or competent judicial authority in a country with which the United Arab Emirates is linked by an approved treaty. Article 23 of the draft law states that the Council of Ministers, on the basis of the Committee's proposal and the Minister's presentation, shall issue the implementing regulations required by the provisions of the law. Article 24 states that any provision that is contrary to or contravenes the provisions of the law shall be repealed. The procedures required for the promulgation of the law will be completed, and it will take effect on the date it is published in the *Official Gazette*.